

KEEGAN WERLIN LLP

ATTORNEYS AT LAW  
265 FRANKLIN STREET  
BOSTON, MASSACHUSETTS 02110-3113

(617) 951-1400

TELECOPIERS:  
(617) 951-1354  
(617) 951-0586

April 14, 2006

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station, 2<sup>nd</sup> Floor  
Boston, MA 02110

Re: NSTAR Electric/NSTAR Gas, D.T.E. 05-85

Dear Ms. Cottrell:

In compliance with the Department of Telecommunications and Energy's (the "Department") December 30, 2005 order (the "Order") approving the Settlement Agreement (the "Settlement Agreement") in the above-referenced matter, enclosed for filing are an original and five copies of the tariffs of Boston Edison Company ("Boston Edison"), Cambridge Electric Light Company ("Cambridge") and Commonwealth Electric Company ("Commonwealth") (together, "NSTAR Electric" or the "Companies"). Article II of the Settlement Agreement, as approved by the Department's Order, requires the Companies to file new tariffs for effect May 1, 2006. A complete listing of the tariffs included in this filing is set forth below:

<b><u>BOSTON EDISON COMPANY</u></b>	<b><u>Rate</u></b>	<b><u>M.D.T.E.</u></b>
		<b><u>No.</u></b>
Residential	R-1	120F
Residential Assistance	R-2	121F
Residential Space Heating	R-3	122F
Optional Residential Time of Use	R-4	123F
General Service	G-1	130F
General Service	G-2	131F
General Service Time of Use	G-3	132F
Optional General Time of Use	T-1	133F
Time of Use Rate	T-2	134F
MWRA	WR	135F
Standby Delivery Service	SB-G3	136D
Standby Delivery Service	SB-T2	138C
Street Lighting	S-1	140F
Street Lighting Energy Rate	S-2	141F
Outdoor Lighting Rate	S-3	142F
Summary of Electric Delivery Service Rates	RTS	190

<b><u>CAMBRIDGE ELECTRIC LIGHT COMPANY</u></b>	<b><u>Rate</u></b>	<b><u>M.D.T.E.</u></b> <b><u>No.</u></b>
Residential	R-1	220G
Residential Assistance	R-2	221G
Residential Space Heating	R-3	222G
Residential Assistance Space Heating	R-4	223G
Optional Residential Time-of-Use	R-5	224G
Optional Residential Space Heating Time-of-Use	R-6	225G
General (Non-Demand)	G-0	230G
General	G-1	231G
Large General Time-of-Use/Secondary Service	G-2	232G
Large General Time-of-Use/13.8kV Service	G-3	233G
Optional General Time-of-Use	G-4	234G
Commercial Space Heating (Closed)	G-5	235G
Optional General Time-of-Use (Non-Demand)	G-6	236G
Standby Service/13.8kV	SB-1	237H
Maintenance Service/13.8kV	MS-1	238H
Supplemental Service/13.8kV	SS-1	239F
Outdoor Lighting	S-1	240G
Street Lighting – Customer Owned	S-2	241F
Standby Delivery Service	SB-G2	254F
Standby Delivery Service	SB-G3	255F
Summary of Electric Delivery Rates	RTS	290

<b><u>COMMONWEALTH ELECTRIC COMPANY</u></b>	<b><u>Rate</u></b>	<b><u>M.D.T.E.</u></b> <b><u>No.</u></b>
Residential	R-1	320F
Residential Assistance	R-2	321F
Residential Space Heating	R-3	322F
Optional Residential Time of Use	R-4	323F
Controlled Water Heating (Closed)	R-5	324F
Optional Residential Time-of-Use	R-6	325F
General Service	G-1	330F
General Service	G-2	331F
General Service Time of Use	G-3	332F
General Power (Closed)	G-4	333F
Commercial Space Heating (Closed)	G-5	334F
All Electric School (Closed)	G-6	335F
Optional General Time-of-Use	G-7	336F
Standby Delivery Service	SB-G3	337D
Standby Delivery Service	SB-G2	338D
Outdoor Lighting	S-1	340F
Street Lighting-Customer Owned	S-2	341G
Summary of Electric Delivery Rates	RTS	390

The tariffs have been changed to reflect the terms of specific provisions of the Settlement Agreement, Department directives included in the Order approving the Settlement Agreement, and other non-substantive formatting changes, as set forth in the accompanying Explanatory Statement, with supporting exhibits. In addition, as described in the Explanatory Statement, each company proposes a new Summary of Delivery Service Rates Tariff, which will facilitate future changes to the primary tariffs, as required by the Settlement Agreement and other statutory required periodic changes, without the necessity of filing a completely new set of primary tariffs each time a change is made to an individual rate component.

Thank you for your attention to this matter. Please do not hesitate to contact me should you have any questions.

Very truly yours,



Robert N. Werlin

cc: Service List, D.T.E. 05-85

**EXPLANATORY STATEMENT — D.T.E. 05-85**  
**Compliance Filing for May 1, 2006 Rates**

This tariff filing is made in accordance with the terms of the Settlement Agreement approved by the Department in D.T.E. 05-85. This Explanatory Statement is intended to describe the tariff changes, which are supported by the accompanying exhibits.

**Exhibit NSTAR-BEC-1, Exhibit NSTAR-CAM-1 and Exhibit NSTAR-COM-1 (Redlined Tariffs)** show all of the changes included in the filed rates.

**Exhibit NSTAR-BEC-2, Exhibit NSTAR-CAM-2 and Exhibit NSTAR-COM-2 (Rate Design Worksheets)** summarize the rate changes included in this tariff filing.

**Exhibit NSTAR-BEC-3, Exhibit NSTAR-CAM-3 and Exhibit NSTAR-COM-3 (Revenue Proof Models)** show the revenue impacts of the rate changes.

**Exhibit NSTAR-BEC-4, Exhibit NSTAR-CAM-4 and Exhibit NSTAR-COM-4 (Unit Prices)** show the unit prices and revenues by class of customer.

**Exhibit NSTAR-BEC-5, Exhibit NSTAR-CAM-5, Exhibit NSTAR-COM-5** are the rate models for the development of the Companies' streetlighting rate model.

**Exhibit NSTAR-BEC-6, Exhibit NSTAR-CAM-6 and Exhibit NSTAR-COM-6 (Streetlighting Models)** are the rate models for the development of the customer-owned streetlighting rates.

**Exhibit NSTAR-BEC-7, Exhibit NSTAR-CAM-7 and Exhibit NSTAR-COM-7** compute the transfer of lost revenue collection to the Residential Assistance Adjustment Factor relating to the full subsidy provided to customers taking service under the Companies' low-income rates.

**Exhibit NSTAR-BEC-8, Exhibit NSTAR-CAM-8 and Exhibit NSTAR-COM-8 (Typical Bill Impact Models)** show the bill impacts of the rate changes being implemented on May 1, 2006.

The following paragraphs describe the tariff changes and, where appropriate, reference the provisions of the Settlement Agreement and/or Department directives that they implement.

1. Settlement Agreement, Paragraph 2.3 — Increase in Distribution Price

Pursuant to paragraph 2.3 of the Settlement Agreement, on May 1, 2006, NSTAR Electric increases its distribution prices by 0.143 cents per kilowatt-hour ("kWh").

2. Settlement Paragraph 2.4 — Decrease in Transition Charge

Pursuant to paragraph 2.4 of the Settlement Agreement, on May 1, 2006, NSTAR's transition charge prices are reduced by 0.143 cents per kWh to offset in whole the increase in distribution rates, as described above. In addition, some minor transition charge adjustments have been made to assure as closely as

possible that the appropriate rate class transition charge revenue is recovered. Any over/under collection will continue to be reconciled in subsequent periods. These adjustments have been made to mitigate any potential over/under collection caused by the initial January 1, 2006 rate design.

3. Settlement Agreement Requires Transfer of \$35.4 Million in Revenues From Boston Edison's Transition Charge to Distribution Charge

The Settlement Agreement, as approved, transfers the collection of \$35.4 million of revenues associated with wholesale customer contracts from the transition charge to base distribution rates effective May 1, 2006. Order at 4. This transfer is shown on line 17 of page 3 of Exhibit NSTAR-2 (Settlement), which transfers the collection of \$35.4 million associated with terminated wholesale customer contracts from the transition charge to the distribution charge, beginning on May 1, 2006. See Response to Information Request DTE-3-5 (Settlement). This transfer increases Boston Edison's distribution rates, with an offsetting reduction in Boston Edison's transition charges.

4. Transfer of Low Income Discount From Base Rates to Residential Assistance Adjustment Factor ("RAAF")

The Department's Order directs NSTAR Electric in its filing for distribution rates effective May 1, 2006 to transfer recovery of all subsidies relating to the low-income discount from base rates to NSTAR Electric's RAAF. Order at 32, citing Low-Income Discount Participation Rate, D.T.E. 01-106-C/D.T.E. 05-55/D.T.E. 05-56 (2005). Consistent with this directive, the Companies have transferred \$0.00039 per kWh for Boston Edison, \$0.00012 per kWh for Cambridge and \$0.00076 per kWh for Commonwealth from base distribution rates to the RAAF. The calculations are shown in Exhibit NSTAR-BEC-7, Exhibit NSTAR-CAM-7 and Exhibit NSTAR-COM-7. The resulting RAAF for each company is set forth in Exhibit NSTAR-BEC-2, Exhibit NSTAR-CAM-2 and Exhibit NSTAR-COM-2.<sup>1</sup>

5. Revise Boston Edison Rate G-1 (w/demand) and Rate R-4 To Establish Uniform Transition Charge and Rate Adjustment Charges and To Eliminate Negative Charges in Settlement Tariffs.

Boston Edison's Rate G-1 (w/demand) has been revised to correct the transition rate adjustments to establish uniform rate adjustments across all energy blocks. This correction is required because of minor modeling errors in the design of the current rates. In some cases, this correction has precipitated changes to the transition charges in order to avoid negative total transition prices from appearing on customers bills. The corrections are intended to minimize any over or under collection of class specific transition adjustment revenue.

---

<sup>1</sup> On this same date, each of the Companies is separately filing revised RAAF tariffs to implement the transfer of the low-income discount from distribution rates into the RAAF, as well as to comply with the Department's order in D.T.E. 05-86 relative to the collection of arrearage management costs.

Similarly, Boston Edison's Rate R-4 has been revised to reflect uniform transition adjustment charges across all energy blocks.

6. Revise Boston Edison's Rate WR Transition Rate Adjustment To Reflect Changes in the Transition Charge Consistent With Formula in Rate WR Settlement Agreement.

The development of Rate WR in the Settlement Agreement was consistent with the Department-approved settlement between Boston Edison and the MWRA in D.T.E. 01-108-A (2002) and with the Department's Order in D.T.E. 04-113-A (2005). As stated in response to Information Request DTE-3-8 (Settlement), the proposed prices for Rate WR included with the Settlement in D.T.E. 05-85 reflect the uniform per-kWh price change provisions of the Settlement Agreement in D.T.E. 05-85. For consistency with the provisions of the previous settlement with the MWRA, Boston Edison revised its rate models for developing January and May 2006 rates to include changes to the Rate WR transition charge effective January 1, 2006 and May 1, 2006.

7. Standby Rate Schedules Conformed With Settlement Agreement

At the time of the Settlement Agreement, NSTAR Electric's Standby, Maintenance and Supplemental Rates required a number of minor revisions to be consistent with the methodology that applied the percentage change in the distribution demand and energy components of the otherwise applicable rate schedules to the contract demand component of the existing Standby, Maintenance and Supplemental rates. See Response to Information Request DTE-3-3 (Settlement). In addition to these changes, an additional correction for Commonwealth customers with demands greater than 1,000 kilovolt-amperes was necessary for Commonwealth's Rate SB-G3 because it was inadvertently omitted in the compliance rates filed in D.T.E. 03-121.

8. Proposed Summary of Electric Delivery Service Rates Tariffs

The Companies are proposing new tariffs for Boston Edison, Cambridge and Commonwealth that summarize in a single tariff each of the separate electric delivery service rates applicable to each company's retail delivery service customers. Each of the Companies' primary tariffs included in this filing refers to the corresponding Summary of Electric Delivery Service Rate Tariff, which sets forth the individual charges applicable to that primary tariff. The use of this summary tariff will facilitate future changes to the primary tariffs, as required by the Settlement Agreement and other statutory required periodic changes, without the necessity of filing a completely new set of primary tariffs each time a change is made to an individual rate component. Boston Edison's, Cambridge's and Commonwealth's Summary of Electric Delivery Service Rates are M.D.T.E. No. 190, M.D.T.E. No. 290 and M.D.T.E. 390, respectively.